

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
June 30, 2005***

**Dennis Winans  
Chief Financial Officer**

***National Credit Union Administration Operating Fund***  
***Financial Highlights***  
***June 30, 2005***

---

**Balance Sheet**

Overnight Investments decreased \$4.4 million for payment of operating expenses.

Accrued Employee Compensation increased by \$804,000 due to the accrual for 14 days at the end of June versus only 12 days in the previous month. On the first working day of the month, the accruals are reversed.

Other Current Liabilities decreased \$5.4 million. Monthly recognition of deferred income caused the majority of the decrease.

**Statement of Revenue and Expense**

Net Income for the month was \$454,000 higher than planned due to expenses (pay, benefits, and contracted services) being under budget.

**Statement of Cash Flow**

Cash decreased by \$4.4 million for the month, reflecting payment of operating expenses and minimal revenue collections. As of June 30, operating fees of approximately \$34,000 remain outstanding.

**Budget (Year-to-Date)**

Agency spending was under budget by \$7.7 million or 10.4 percent. Pay, benefits, and travel were under budget by 9.0 percent, and comprised \$5.8 million or approximately three-quarters of the total budget variance. The remaining variance of \$1.9 million was derived mainly from contracted services.

**Vacancies**

The agency had 46 vacancies (excluding summer interns) as of June 25 -- down from 52 in May. Of the 46 vacancies, there were 25 vacancies in the central office, 11 vacancies in the regional offices and AMAC, and 10 vacancies in the field staff. The 46 vacancies represent 4.79 percent of total authorized staff of 960.97.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**June 30, 2005**

	June 2004	May 2005	June 2005
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$5,828.48	\$5,091.52	\$5,592.71
Overnight Investments	56,738,000.00	58,986,000.00	54,559,000.00
Accounts Receivable	774,611.29	521,347.46	651,250.30
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	540,700.86	911,587.64	748,928.43
Home Purchase Program	552,817.60	281,564.13	281,564.13
Other	76,016.68	(1,095.13)	(1,060.03)
<i>Total Current Assets</i>	<u>58,687,974.91</u>	<u>60,704,495.62</u>	<u>56,245,275.54</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,824,027.00	28,196,782.00	28,123,871.00
Capital Lease	1,852,318.93	867,477.13	816,228.27
Equipment	2,079,325.09	2,138,008.09	2,083,921.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>36,701,934.97</u>	<u>35,148,531.17</u>	<u>34,970,284.31</u>
<b>TOTAL ASSETS</b>	<u><u>95,389,909.88</u></u>	<u><u>95,853,026.79</u></u>	<u><u>91,215,559.85</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	1,549,558.06	1,258,443.62	1,088,550.20
Accrued Employee Compensation	14,899,015.08	14,799,670.21	15,603,246.60
Other Current Liabilities	30,220,135.83	36,432,399.67	31,062,082.34
<i>Total Current Liabilities</i>	<u>46,668,708.97</u>	<u>52,490,513.50</u>	<u>47,753,879.14</u>
Non-Current Liabilities			
Notes Payable	25,813,047.63	24,583,854.94	24,472,110.15
Other	1,857,556.89	816,741.48	815,930.48
<i>Total Non-Current Liabilities</i>	<u>27,670,604.52</u>	<u>25,400,596.42</u>	<u>25,288,040.63</u>
<b>TOTAL LIABILITIES</b>	<u><u>74,339,313.49</u></u>	<u><u>77,891,109.92</u></u>	<u><u>73,041,919.77</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	17,246,526.20	14,934,623.95	14,934,623.95
Current Year Earnings	3,804,070.19	3,027,292.92	3,239,016.13
<b>TOTAL FUND BALANCE</b>	<u><u>21,050,596.39</u></u>	<u><u>17,961,916.87</u></u>	<u><u>18,173,640.08</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$95,389,909.88</u></u>	<u><u>\$95,853,026.79</u></u>	<u><u>\$91,215,559.85</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expense**  
**June 30, 2005**

	June 2005 Monthly Actual	June 2005 Monthly Budget	June 2005 Year-To-Date Actual	June 2005 Year-To-Date Budget	June 2004 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$144,895.40	\$41,666.67	\$525,202.40	\$249,999.98	\$197,004.83
Program-related Income	5,170,939.96	5,067,500.00	30,966,269.35	30,405,000.00	29,607,192.70
Other Income	9,977.85	12,500.00	84,652.92	75,000.00	53,501.29
Total Revenue	<u>5,325,813.21</u>	<u>5,121,666.67</u>	<u>31,576,124.67</u>	<u>30,729,999.98</u>	<u>29,857,698.82</u>
<b>EXPENSES:</b>					
Employee Pay	3,015,711.60	3,250,771.62	17,559,513.26	19,069,083.46	16,409,682.62
Employee Benefits	782,191.86	839,661.35	4,594,939.00	4,928,729.35	4,152,718.35
Employee Travel	485,615.01	459,343.82	2,101,671.63	2,756,062.88	1,949,380.32
Rent/Communications/Utilities	165,082.95	140,828.62	761,117.13	844,971.47	863,745.88
Administrative Costs	424,928.58	376,191.46	2,298,409.34	2,257,149.05	1,688,212.51
Contracted Services	240,560.00	296,929.93	1,021,458.18	1,781,579.82	989,888.95
Total Expenses	<u>5,114,090.00</u>	<u>5,363,726.80</u>	<u>28,337,108.54</u>	<u>31,637,576.03</u>	<u>26,053,628.63</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u><u>\$211,723.21</u></u>	<u><u>(\$242,060.13)</u></u>	<u><u>\$3,239,016.13</u></u>	<u><u>(\$907,576.05)</u></u>	<u><u>\$3,804,070.19</u></u>

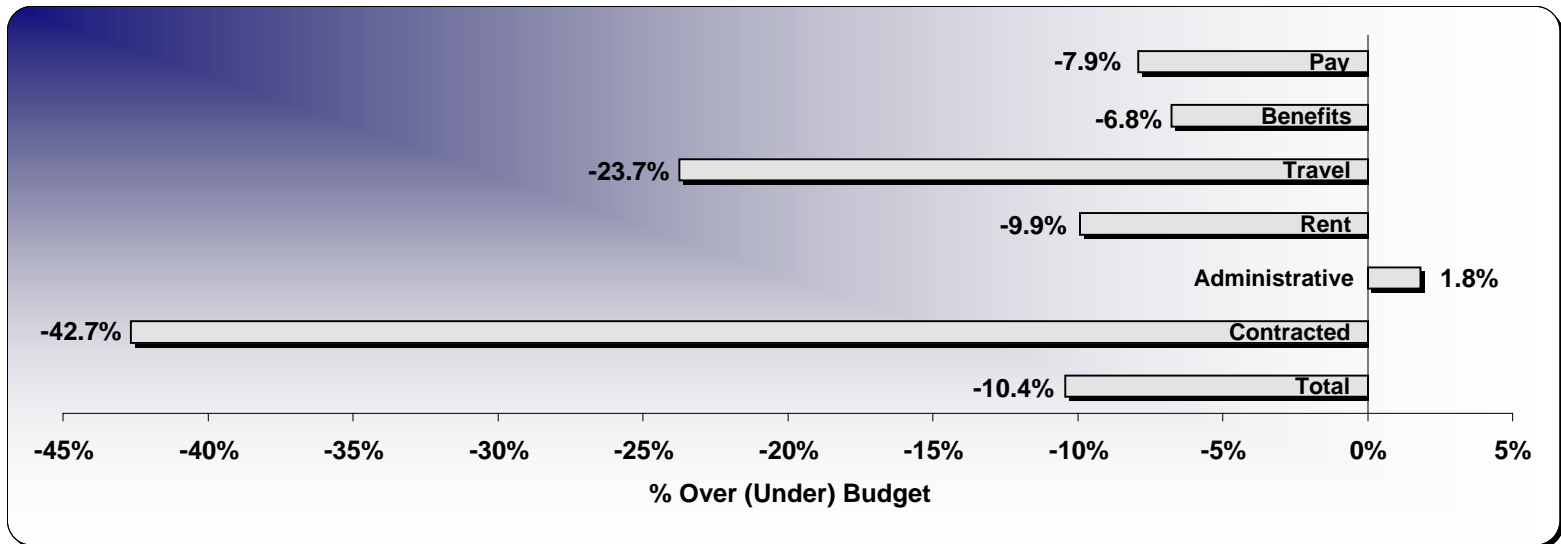
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**June 30, 2005**

	Month June 2004	Month June 2005	Y-T-D June 2004	Y-T-D June 2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$663,562.94	\$147,937.27	\$59,750,209.00	\$61,929,577.08
Interest received from cash and cash equivalents	56,875.45	144,895.40	197,004.83	525,202.40
Other income received	5,857.65	9,977.85	53,501.29	84,652.92
(Cash paid for operating expenses)	(4,421,667.83)	(4,557,510.78)	(24,629,434.18)	(23,966,504.99)
<b>Net cash (used) provided by operating activities:</b>	<b>(3,695,371.79)</b>	<b>(4,254,700.26)</b>	<b>35,371,280.94</b>	<b>38,572,927.41</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(295,457.05)	(58,924.76)	(1,069,626.49)	(571,879.15)
(Capital lease payments)	(6,240.51)	(1,129.00)	(785,019.25)	(744,320.42)
Proceeds (purchases) home purchase program	(235,673.15)	0.00	(552,817.60)	(248,469.06)
<b>Net cash (used) in investing activities</b>	<b>(537,370.71)</b>	<b>(60,053.76)</b>	<b>(2,407,463.34)</b>	<b>(1,564,668.63)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(670,468.74)	(670,468.74)
<b>Net cash (used) in financing activities</b>	<b>(111,744.79)</b>	<b>(111,744.79)</b>	<b>(670,468.74)</b>	<b>(670,468.74)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(4,344,487.29)</b>	<b>(4,426,498.81)</b>	<b>32,293,348.86</b>	<b>36,337,790.04</b>
Cash and cash equivalents at beginning of period	61,088,315.77	58,991,091.52	24,450,479.62	18,226,802.67
<b>Cash and cash equivalents at end of period</b>	<b>\$56,743,828.48</b>	<b>\$54,564,592.71</b>	<b>\$56,743,828.48</b>	<b>\$54,564,592.71</b>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<b>\$223,393.83</b>	<b>\$211,723.21</b>	<b>\$3,804,070.19</b>	<b>\$3,239,016.13</b>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	174,726.05	237,171.62	967,917.78	1,595,321.71
Unrealized (gain) loss	0.00	0.00	0.00	71,478.11
(Gain) loss on disposal of fixed assets	0.00	0.00	3,720.00	0.00
(Gain) loss on disposal of homes	0.00	0.00	0.00	13,524.98
Interest expense on leases	5,577.08	318.00	44,164.41	12,234.54
Miscellaneous allowances	(2,834.95)	0.00	(4,157.31)	(0.00)
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	211,747.06	211,747.06
Accounts receivable	884,902.51	(129,902.84)	1,666,547.91	176,311.75
Interest receivable	0.00	0.00	583.97	0.00
Prepaid expenses	23,003.14	162,659.21	(273,483.18)	(160,921.33)
Other assets	200,051.95	(35.10)	(76,016.68)	1,060.03
Increase (decrease) in liabilities:				
Accounts payable	(1,133,780.96)	(169,893.42)	(902,142.28)	(1,230,029.27)
Accrued employee compensation	932,112.36	803,576.39	(820,581.34)	3,642,459.36
Other non current liabilities	86,757.43	0.00	395,565.63	(0.00)
Other current liabilities	(5,089,280.23)	(5,370,317.33)	30,353,344.78	31,000,724.34
<b>Total adjustments</b>	<b>(3,918,765.62)</b>	<b>(4,466,423.47)</b>	<b>31,567,210.75</b>	<b>35,333,911.28</b>
<b>Net cash (used) provided by operating activities</b>	<b>(3,695,371.79)</b>	<b>(4,254,700.26)</b>	<b>\$35,371,280.94</b>	<b>\$38,572,927.41</b>

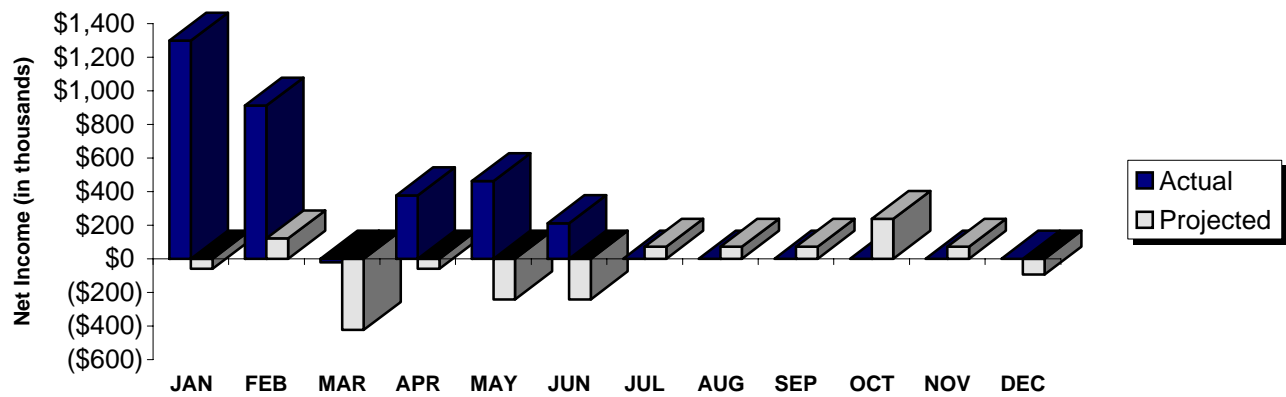
**National Credit Union Administration Operating Fund**  
**(Before Overhead Transfer)**  
**Year-To-Date Budget Report Analysis**  
**June 30, 2005**

	2005				2004			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	44,346,706	40,836,077	(3,510,628)	-7.9%	43,928,023	40,820,106	(3,107,916)	-7.1%
<b>Benefits</b>	11,462,161	10,685,905	(776,257)	-6.8%	11,235,376	10,330,145	(905,231)	-8.1%
<b>Travel</b>	6,409,448	4,887,608	(1,521,840)	-23.7%	6,746,088	4,849,205	(1,896,883)	-28.1%
<b>Rent, Communications, &amp; Utilities</b>	1,965,050	1,770,040	(195,010)	-9.9%	2,222,681	2,148,622	(74,060)	-3.3%
<b>Administrative</b>	5,249,184	5,345,138	95,954	1.8%	6,327,726	4,199,534	(2,128,192)	-33.6%
<b>Contracted Services</b>	4,143,209	2,375,484	(1,767,725)	-42.7%	4,091,625	2,462,410	(1,629,214)	-39.8%
<b>TOTAL</b>	73,575,758	65,900,252	(7,675,506)	-10.4%	74,551,518	64,810,021	(9,741,497)	-13.1%

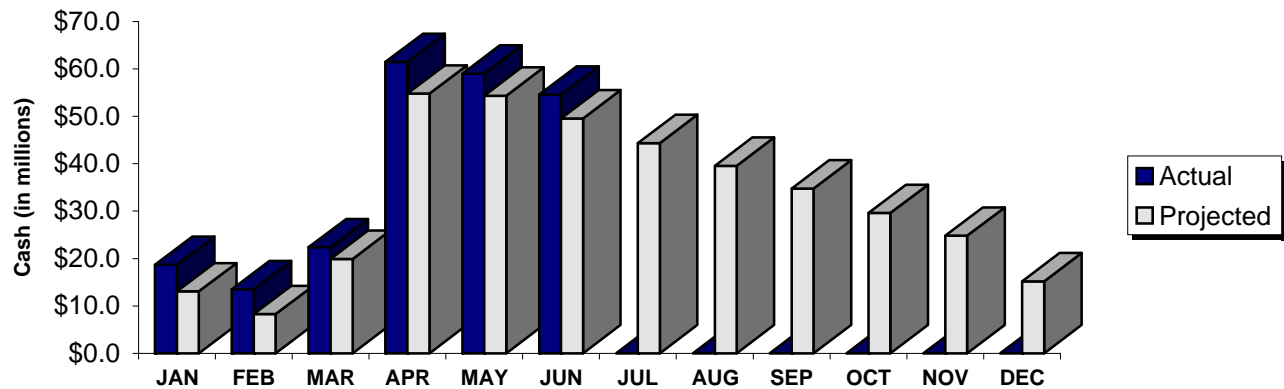
**Percent Over (Under) Budget**  
**June 30, 2005**



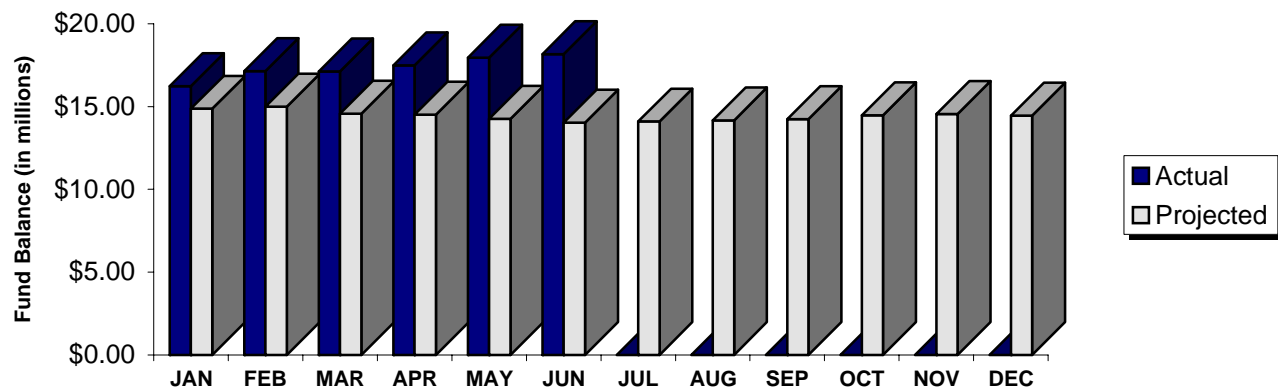
### Actual & Projected Net Income (2005)



### Actual & Projected Cash Balance (2005)



### Actual & Projected Fund Balance (2005)



***National Credit Union Administration Operating Fund***  
***Ratios***  
***June 30, 2005***

<b>BALANCE SHEET</b>	<b>June 2004</b>	<b>June 2005</b>
<u>Liquid assets / Total assets</u>	59.49%	59.82%
<u>Current assets / Total assets</u>	61.52%	61.66%
<u>Fixed assets / Total assets</u>	38.48%	38.34%
<u>Current liabilities / Total assets</u>	48.92%	52.35%
<u>Non current liabilities / Total assets</u>	29.01%	27.72%
<u>Retained Earnings / Total assets</u>	22.07%	19.92%
<b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Interest &amp; other income / Total revenue</u>	0.84%	1.93%
<u>YTD Program related income / Total revenue</u>	99.16%	98.07%
<u>YTD Expenses / Total revenue</u>	87.26%	89.74%
<u>YTD Net income / Total revenue</u>	12.74%	10.26%
<b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$32.3	\$36.3
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	132.1%	199.4%
<u>Cash and cash equivalents / Total assets</u>	59.5%	59.8%